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and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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<b>In re</b>	<b>:</b> <b>Chapter 11 Case No.</b>
	<b>:</b>
<b>LEHMAN BROTHERS HOLDINGS INC., et al.,</b>	<b>:</b> <b>08-13555 (JMP)</b>
	<b>:</b>
<b>Debtors.</b>	<b>:</b> <b>(Jointly Administered)</b>
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**NOTICE OF MOTION OF THE DEBTORS PURSUANT TO SECTIONS 105(a)  
AND 363(b) OF THE BANKRUPTCY CODE AND RULE 9019 OF THE  
FEDERAL RULES OF BANKRUPTCY PROCEDURE FOR ESTABLISHMENT  
OF PROCEDURES FOR THE DEBTORS TO TRANSFER THEIR INTERESTS  
IN RESPECT OF RESIDENTIAL AND COMMERCIAL LOANS SUBJECT  
TO FORECLOSURE TO WHOLLY-OWNED NON-DEBTOR SUBSIDIARIES**

PLEASE TAKE NOTICE that a hearing on the annexed motion, dated as of August 26, 2009 (the "Motion"), of Lehman Brothers Holdings Inc. and its affiliated debtors in the above-referenced chapter 11 cases (together, the "Debtors"), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code and rule 9019 of the Federal Rules of Bankruptcy Procedure for the establishment of procedures for the Debtors to transfer their interests in respect of residential and commercial real estate loans subject to foreclosure to wholly-owned non-debtor subsidiaries, all as more fully described in the Motion, will be held before the Honorable James M. Peck, United States Bankruptcy Judge, at the United States Bankruptcy Court, Alexander Hamilton Customs House, Courtroom 601, One Bowling Green, New York, New

York 10004 (the “Bankruptcy Court”), on **September 15, 2009 at 10:00 a.m. (Prevailing Eastern Time)** (the “Hearing”).

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Motion shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court for the Southern District of New York, shall set forth the name of the objecting party, the basis for the objection and the specific grounds thereof, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)) by registered users of the Bankruptcy Court’s case filing system and by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with two hard copies delivered directly to Chambers), and shall be served upon: (i) the chambers of the Honorable James M. Peck, One Bowling Green, New York, New York 10004, Courtroom 601; (ii) Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Shai Y. Waisman, Esq., attorneys for the Debtors; (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 Attn: Andy Velez-Rivera, Esq., Paul Schwartzberg, Esq., Brian Masumoto, Esq., Linda Riffkin, Esq., and Tracy Hope Davis, Esq.; and (iv) Milbank, Tweed, Hadley & McCloy LLP, 1 Chase Manhattan Plaza, New York, New York 10005, Attn: Dennis F. Dunne, Esq., Dennis O’Donnell, Esq., and Evan Fleck, Esq., attorneys for the official committee of unsecured creditors appointed in these cases, so as to be so filed and received no later than **September 10, 2009 at 4:00 p.m. (prevailing Eastern Time)**.

PLEASE TAKE FURTHER NOTICE that if an objection to the Motion is not received by the Objection Deadline, the relief requested shall be deemed unopposed, and the Bankruptcy Court may enter an order granting the relief sought without a hearing.

PLEASE TAKE FURTHER NOTICE that objecting parties are required to attend the Hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: August 26, 2009  
New York, New York

/s/ Jacqueline Marcus

Shai Y. Waisman  
Jacqueline Marcus

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**MOTION OF THE DEBTORS PURSUANT TO SECTIONS 105(a) AND  
363(b) OF THE BANKRUPTCY CODE AND RULE 9019 OF THE FEDERAL  
RULES OF BANKRUPTCY PROCEDURE FOR THE ESTABLISHMENT OF  
PROCEDURES FOR THE DEBTORS TO TRANSFER THEIR INTERESTS IN  
RESPECT OF RESIDENTIAL AND COMMERCIAL LOANS SUBJECT  
TO FORECLOSURE TO WHOLLY-OWNED NON-DEBTOR SUBSIDIARIES**

TO THE HONORABLE JAMES M. PECK,  
UNITED STATES BANKRUPTCY JUDGE:

Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (together, the "Debtors" and, collectively with their non-debtor affiliates, "Lehman"), file this Motion and respectfully represent:

### **Background**

1. Commencing on September 15, 2008 and periodically thereafter (as applicable, the “Commencement Date”), LBHI and certain of its subsidiaries commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors’ chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”). The Debtors are authorized to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On September 17, 2008, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed the statutory committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “Creditors’ Committee”).

3. On September 19, 2008, a proceeding was commenced under the Securities Investor Protection Act of 1970 (“SIPA”) with respect to Lehman Brothers Inc. (“LBI”). A trustee appointed under SIPA (the “SIPC Trustee”) is administering LBI’s estate.

4. On January 19, 2009, the U.S. Trustee appointed Anton R. Valukas as examiner in the above-captioned chapter 11 cases (the “Examiner”) and by order, dated January 20, 2009 [Docket No. 2583] the Court approved the U.S. Trustee’s appointment of the Examiner.

### **Jurisdiction**

5. This Court has subject matter jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

### **Lehman’s Business**

6. Prior to the events leading up to these chapter 11 cases, Lehman was the fourth largest investment bank in the United States. For more than 150 years, Lehman has been

a leader in the global financial markets by serving the financial needs of corporations, governmental units, institutional clients and individuals worldwide.

7. Additional information regarding the Debtors' businesses, capital structures, and the circumstances leading to the commencement of these chapter 11 cases is contained in the Affidavit of Ian T. Lowitt Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York in Support of First-Day Motions and Applications, filed on September 15, 2008 [Docket No. 2].

**Relief Requested**

8. By this Motion, the Debtors seek authority under sections 105(a) and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019 to establish procedures to transfer commercial mortgage loans, commercial mezzanine loans, residential mortgage loans and other loans owned by the Debtors ultimately secured directly or indirectly by real property or interests therein (as applicable, "Commercial Real Estate Loans" or "Residential Real Estate Loans," and collectively "Real Estate Loans") that may be subject to foreclosure or deeds or assignments in lieu of foreclosure (as applicable "Residential Foreclosure Loans" or "Commercial Foreclosure Loans," and collectively "Real Estate Foreclosure Loans") to non-debtor special purpose entities wholly owned directly or indirectly by LBHI (the "Foreclosure SPEs"). The Debtors further seek authority to establish procedures pursuant to which the real property underlying Real Estate Foreclosure Loans (the "Foreclosure Property") that are acquired by Foreclosure SPEs can be sold or otherwise disposed of. For the purposes of this Motion, the reference to any Commercial Real Estate Loan or Residential Real Estate Loan includes all loans held by the Debtors that are secured, directly or indirectly, by the same property or ownership interest (e.g. a mortgage and mezzanine loan both ultimately secured by the same piece of real estate).

**Transfer of Real Estate Loans to Foreclosure SPEs**

9. The Debtors originated or acquired, and now own, thousands of Real Estate Loans. In the ordinary course of their business prior to the Commencement Date and as is common in their industry, the Debtors, from time to time, determine to foreclose or accept deeds or assignments in lieu of foreclosure on Real Estate Loans on which borrowers have defaulted or shortly expect to default. Prior to completing foreclosure, or other similar proceedings with respect to Real Estate Loans, the Debtors, in accordance with standard practice in the mortgage lending industry, transfer the Real Estate Loans or related foreclosure judgments to Foreclosure SPEs established to shield the Debtors' assets from potential liabilities that may arise in connection with owning the Foreclosure Property. For instance, the Foreclosure Property could be subject to various tort or environmental remediation claims or other judgments and suits, potentially exposing the Debtors, as owners of such property once foreclosure has been completed, to significant liability. By transferring the Real Estate Loans into Foreclosure SPEs prior to foreclosure or execution of a deed or an assignment in lieu of foreclosure, the Debtors' assets are effectively isolated from liability associated with Foreclosure Property. As stated, and for the logical reasons set forth above, these procedures are the rule for mortgage lenders.<sup>1</sup>

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<sup>1</sup> In the context of Residential Foreclosure Loans, because the Debtors service such loans through mortgage loan servicing agents, the Debtors believe that such servicing agents often fail to transfer a loan to a Foreclosure SPE before foreclosing on the loan, and often proceed to hold title to the related Foreclosure Property and sell the Foreclosure Property for the benefit of LBHI. Effecting the transfer of Residential Foreclosure Loans to Foreclosure SPEs is sometimes outside of the Debtors' direct control pursuant to the terms of the existing servicing agreements which may either require or otherwise allow the servicers to foreclose and hold title to the related Foreclosure Property in their own name for the benefit of LBHI. To the extent that a Residential Foreclosure Loan is foreclosed by a servicing agent and sold for the benefit of LBHI, such sale would undoubtedly fall within the purview of the relief granted to the Debtors in the *Order Granting Debtors' Motion Pursuant to Section 105, 363 and 554(a) of the Bankruptcy Code for Authority to Establish Procedures to Sell or Abandon De Minimis Assets* entered on June 17, 2009 [D.I. No. 4021].

10. With respect to commercial mortgage transactions, each Commercial Foreclosure Loan is typically transferred into a separate non-debtor Foreclosure SPE. Unlike Commercial Real Estate Loans which are typically secured by higher valued real estate assets and each held in a separate and distinct Foreclosure SPE, it is LBHI corporate policy that Residential Foreclosure Loans be grouped together in Foreclosure SPEs either by portfolio, region or by shared servicing agent<sup>2</sup> or some combination thereof (each a “Residential Loan Portfolio”) until the aggregate fair market value of the Residential Foreclosure Loans and Foreclosure Properties held by the particular Foreclosure SPE reaches a threshold amount established by LBHI from time to time, at which point additional Foreclosure SPEs are created for the purpose of holding additional Residential Foreclosure Loans and/or the Foreclosure Properties with respect to such Residential Foreclosure Loans within such Residential Loan Portfolio. This is done to reduce the cost to the Debtors of administration of such residential real estate assets.

11. Notably, the value of all Real Estate Loans and Foreclosure Properties that are transferred to Foreclosure SPEs are meticulously recorded and properly accounted for on the Debtors’ balance sheets on a regular basis. Because the Debtors’ own *several thousand* Residential Real Estate Loans, the value of each individual Residential Real Estate Loan or residential Foreclosure Property transferred to a Foreclosure SPE will not be separately recorded on the Debtors’ balance sheets, rather, the Debtors will record the value of each Residential Loan Portfolio on their balance sheets.

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<sup>2</sup> In the context of Residential Real Estate Loans, multiple loans are typically serviced by a common servicing agent responsible for collecting payments from borrowers and otherwise handling administration of the loan.



12. Once a Real Estate Loan or the related foreclosure judgment is transferred into a Foreclosure SPE, the Foreclosure SPE may acquire an ownership interest in the Foreclosure Property underlying the Real Estate Loan, either by submitting a winning credit bid at a foreclosure proceeding or upon the execution of a deed or assignment in lieu of foreclosure. From time to time, the Foreclosure SPE does not acquire an ownership interest in the Foreclosure Property where the highest bid at the foreclosure proceeding is submitted by a third party. As required by law, the Foreclosure Property must be sold to the highest bidder at a foreclosure proceeding. Where a Foreclosure SPE does acquire an ownership interest in the Foreclosure Property, the Foreclosure Property is then either developed, operated, held or sold, or some combination thereof. If the Foreclosure Property is sold out of the Foreclosure SPE, subject to maintaining adequate reserves for potential liabilities, the sale proceeds are upstreamed from the SPE to its parent and up the chain to LBHI, with each such transfer recorded on the Debtors' books and records. By transferring the Real Estate Foreclosure Loans to wholly-owned Foreclosure SPEs, the Debtors maintain 100% of the economic benefit of the foreclosure, while at the same time significantly limiting the potential administrative expense liability that could arise out of the Foreclosure Property to the detriment of the estates and their creditors.

13. To ensure that the Debtors realize the value of the Real Estate Foreclosure Loans they transfer out of their estates, such Real Estate Foreclosure Loans will be transferred into Foreclosure SPEs directly or indirectly wholly-owned by LBHI, including Lunar Real Estate Holdings LLC ("Lunar"), which is a wholly-owned subsidiary of LBHI created for the sole purpose of owning the equity of Foreclosure SPEs.

14. The Debtors propose to continue to transfer Real Estate Foreclosure Loans to Foreclosure SPEs and dispose of Foreclosure Property in a manner substantially consistent

with their prepetition practices and without the need for obtaining Court approval of each such transfer and disposition. Since the Commencement Date, the Debtors have transferred the Commercial Real Estate Loans identified on Exhibit A annexed hereto to various Foreclosure SPEs. With respect to Residential Real Estate Loans, since the Commencement Date, servicers on the Debtors' behalf, have foreclosed on the loans identified on Exhibit B annexed hereto. While the Debtors believe that transfers of Real Estate Foreclosure Loans to Foreclosure SPEs constitute transactions in the ordinary course of the Debtors' business not requiring notice or a hearing under section 363(c) of the Bankruptcy Code, it is out of an abundance of caution and for the purpose of providing full disclosure to the estates' creditors of the disposition of the Debtors' Real Estate Loans that the Debtors filed this motion.

15. The Debtors believe that granting the relief requested herein would enable the Debtors to continue to efficiently foreclose on defaulting Real Estate Loans and realize the economic value of the related Foreclosure Properties without exposing the estate to potential liabilities arising from the Foreclosure Properties, while at the same notifying interested parties of the proposed transaction without incurring the administrative costs and burden associated with separately seeking Court approval for every single such transaction. Given the extreme volatility that has developed in the mortgage lending market over the past two years as the value of real estate across the United States and internationally has declined and the risk of non-payment by the borrowers of mortgage loans has increased, the Debtors anticipate that numerous of their Real Estate Loans will become subject to foreclosure, or other similar proceedings, requiring transfer of the Real Estate Loans to Foreclosure SPEs to protect the estate's assets.

16. Absent the relief requested in this Motion, the Debtors may be required to seek specific Court approval prior to transferring each individual Real Estate Foreclosure Loan

to a Foreclosure SPE and disposing of the Foreclosure Property underlying same. Given the number of Real Estate Loans the Debtors own, filing individual pleadings with respect to each transfer of a Real Estate Foreclosure Loan, sending notice of each proposed Real Estate Foreclosure Loan transfer to every party entitled to receive notice in these cases, and holding individual hearings to approve same would add unnecessary expense and would be unduly expensive, cumbersome and highly inefficient.

17. Furthermore, seeking court approval for individual Real Estate Foreclosure Loan transfers would not be practicable, particularly in the case of Residential Real Estate Loans, where servicing agents service entire pools of Residential Real Estate Loans and are given, pursuant to their servicing agreements, the right to foreclose on the real property underlying entire pools of loans as opposed to individual Residential Real Estate Loans.

18. Accordingly, this Motion sets forth various guidelines and procedures the Debtors propose to implement with respect to transferring Real Estate Foreclosure Loans to Foreclosure SPEs and disposing of the underlying Foreclosure Property. The Debtors believe that it would be far more efficient and cost effective for their estates and creditors if they were authorized to transfer Real Estate Foreclosure Loans to Foreclosure SPEs under the terms and conditions outlined in this Motion.

19. The Debtors seek authorization to implement the following procedures to transfer Residential and Commercial Foreclosure Loans to Foreclosure SPEs:

**Residential Foreclosure Loans**

- a. Without further order of the Court or approval of or notice to any party, the Debtors may (i) transfer Residential Foreclosure Loans (or other loans secured by residential real estate subject to foreclosure) or the related foreclosure judgments to Foreclosure SPEs directly or indirectly wholly owned by LBHI or Lunar, and (ii) where a Foreclosure SPE takes title to the Foreclosure Property through execution of a deed in lieu of foreclosure, assignment in lieu of

foreclosure, or similar mechanism, grant releases to the borrowers, indemnitors, and guarantors (to the extent the Debtors deem necessary) under such loans of all obligations with respect to such loans.

b. To the extent the Debtors seek to sell one or more Residential Real Estate Loans and/or residential Foreclosure Properties held by a Foreclosure SPE, or for that matter an entire Foreclosure SPE holding Residential Real Estate Loans or residential Foreclosure Properties, in one or more related transactions to the same purchaser (a "Residential Portfolio Sale") the aggregate value or purchase price of which is less than \$10,000,000.00, the Debtors may sell such Residential Real Estate Loans or residential Foreclosure Properties or Foreclosure SPEs holding Residential Real Estate Loans or residential Foreclosure Properties without further order of the Court or approval of any other party; *provided, however*, that the Debtors will provide notice to the Creditors' Committee of such Residential Portfolio Sale following the closing of the Residential Portfolio Sale.

c. With respect to a Residential Portfolio Sale where (1) the aggregate value or purchase price of the Residential Real Estate Loans and residential Foreclosure Properties included in such Residential Portfolio Sale is equal to or greater than \$10,000,000.00 but less than \$25,000,000.00, (2) the purchase price of the Residential Real Estate Loans and residential Foreclosure Properties included in such Residential Portfolio Sale is less than 50% of the aggregate value of the Residential Real Estate Loans and residential Foreclosure Properties included in such Residential Portfolio Sale, or (3) purchaser is a person employed by the Debtors at any time on or after September 15, 2007, or an entity unaffiliated with the Debtors for which a person employed by the Debtors at any time on or after September 15, 2007 is materially involved in the negotiations of the purchase of such loan, the Debtors will submit to the Creditors' Committee a summary of the proposed sale transaction identifying (i) the Residential Real Estate Loans and Foreclosure Properties included in the Residential Portfolio Sale, (ii) the aggregate face value of the Residential Real Estate Loans and Foreclosure Properties included in the Residential Portfolio Sale, (iii) the proposed purchaser of the Residential Real Estate Loans and Foreclosure Properties in the Residential Portfolio Sale, (iv) the purchase price, and (v) the material terms and conditions of the proposed Residential Portfolio Sale (the "Residential Portfolio Sale Summary"). The Creditors' Committee will be required to submit any objections to a Residential Portfolio Sale identified in a Residential Portfolio Sale Summary, so as to be received by the Debtors on or before ten (10) business days after service of such Residential Portfolio Sale Summary. In the event that the Creditors' Committee objects to a Residential Portfolio Sale set forth in a Residential Portfolio Sale Summary, the Debtors may attempt to resolve the objection by furnishing the Creditors' Committee with additional information to demonstrate the reasonableness of the proposed Residential Portfolio Sale. If the Debtors and the Creditors' Committee are unable to consensually resolve the objection, the Debtors may transfer the subject Residential Real Estate Loans or residential Foreclosure Properties from the Foreclosure SPE holding said

Residential Real Estate Loans or residential Foreclosure Properties to LBHI and file a motion with the Court seeking approval of the Residential Portfolio Sale.

d. For any Residential Portfolio Sale where the aggregate value or purchase price of the Residential Real Estate Loans and residential Foreclosure Properties included in such Residential Portfolio Sale is equal to or greater than \$25,000,000.00, the Debtors will be required to file a motion with the Court seeking approval of the Residential Portfolio Sale and, to the extent deemed necessary by the Debtors, the Debtors may, without approval or notice, transfer the subject Residential Real Estate Loans or residential Foreclosure Properties to LBHI in order to seek Court approval of the Residential Portfolio Sale.

### **Commercial Foreclosure Loans**

a. Without further order of the Court or approval of or notice to any party, the Debtors may (i) transfer Commercial Foreclosure Loans (or other loans secured by commercial real estate subject to foreclosure) or the related foreclosure judgments to Foreclosure SPEs directly or indirectly wholly owned by LBHI or Lunar, and (ii) where a Foreclosure SPE takes title to the Foreclosure Property through execution of a deed in lieu of foreclosure, assignment in lieu of foreclosure, or similar mechanism, grant releases to the borrowers, indemnitors, and guarantors (to the extent the Debtors deem necessary) under such loans of all obligations with respect to such loans.

b. To the extent the Debtors seek to sell a Foreclosure Property underlying a Commercial Foreclosure Loan ("Commercial Foreclosure Property") held by a Foreclosure SPE, or an entire Foreclosure SPE holding a Commercial Foreclosure Property (a "Commercial Property Sale"), if the Mark-to-Market Carrying Value<sup>3</sup> of the Real Estate Loan securing the Commercial Foreclosure Property is less than \$10,000,000.00, the Debtors may sell such Commercial Foreclosure Property or Foreclosure SPE holding a Commercial Foreclosure Property without further order of the Court or approval of any other party; *provided, however*, that the Debtors will provide notice to the Creditors' Committee of such Commercial Property Sale following the closing of the Commercial Property Sale.

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<sup>3</sup> "Mark-to-Market Carrying Value" as used herein shall mean the mark-to-market carrying value on the Debtors' records of any Real Estate Loan securing the Commercial Foreclosure Property as of December 31, 2008, or as otherwise agreed to by the Creditors' Committee; *provided however*, if (i) the mark-to-market carrying value of any Real Estate Loan securing the Commercial Foreclosure Property on the Debtors' records as of December 31, 2008 is less than or equal to 50% of mark-to-market carrying value of such Real Estate Loan securing the Commercial Foreclosure Property on the Debtors' records as of September 17, 2008, and (ii) the mark-to-market carrying value of any Real Estate Loan is not otherwise agreed to by the Creditors' Committee, the Mark-to-Market Carrying Value for the purposes of this Motion shall be the mark-to-market carrying value of such Real Estate Loan securing the Commercial Foreclosure Property on the Debtors' records as of September 17, 2008.

c. If the Commercial Property Sale involves the sale of Commercial Foreclosure Property secured by a Real Estate Loan and (1) the Mark-to-Market Carrying Value of the Real Estate Loan securing the Commercial Foreclosure Property is equal to or greater than \$10,000,000.00 but less than \$25,000,000.00, (2) the purchase price of Commercial Foreclosure Property secured by a Real Estate Loan is less than 50% of the Mark-to-Market Carrying Value of the Real Estate Loan securing the Commercial Foreclosure Property, or (3) the purchaser is a person employed by the Debtors at any time on or after September 15, 2007, or an entity unaffiliated with the Debtors for which a person employed by the Debtors at any time on or after September 15, 2007 is materially involved in the negotiations of the purchase of such loan or property, the Debtors will submit to the Creditors' Committee a summary of the proposed sale transaction identifying (i) the Commercial Foreclosure Property, (ii) the Mark-to-Market Carrying Value of the Real Estate Loan underlying the Commercial Foreclosure Property, (iii) the proposed purchaser of the Commercial Foreclosure Property, (iv) the purchase price, and (v) the material terms and conditions of the proposed Commercial Property Sale (the "Commercial Property Sale Summary"). The Creditors' Committee will be required to submit any objections to a Commercial Property Sale identified in a Commercial Property Sale Summary, so as to be received by the Debtors on or before ten (10) business days after service of such Commercial Property Sale Summary. In the event that the Creditors' Committee objects to a Commercial Property Sale set forth in a Commercial Property Sale Summary, the Debtors may attempt to resolve the objection by furnishing the Creditors' Committee with additional information to demonstrate the reasonableness of the proposed Commercial Property Sale. If the Debtors and the Creditors' Committee are unable to consensually resolve the objection, the Debtors may transfer the subject Commercial Foreclosure Property from the Foreclosure SPE holding said Commercial Foreclosure Property to LBHI and file a motion with the Court seeking approval of the Commercial Property Sale.

d. For any Commercial Property Sale where the Mark-to-Market Carrying Value of the Real Estate Loan securing the Commercial Foreclosure Property is equal to or greater than \$25,000,000.00, the Debtors will be required to file a motion with the Court seeking approval of the Commercial Property Sale and, to the extent deemed necessary by the Debtors, the Debtors may, without further approval or notice, transfer the subject Commercial Foreclosure Property to LBHI in order to seek Court approval of the Commercial Property Sale.

20. With respect to all Real Estate Foreclosure Loan transfers to Foreclosure SPEs carried out in accordance with the procedures set forth above, the Debtors will provide the Creditors' Committee on a quarterly basis a report of such transfers, identifying the Real Estate Foreclosure Loans or related foreclosure judgments that have been transferred during the quarterly period, the Foreclosure SPEs to which such Real Estate Foreclosure Loans have been

transferred, and the disposition, if any, of the Real Estate Foreclosure Loans and/or the Foreclosure Property underlying such Real Estate Foreclosure Loans.

**Basis for Relief**

21. The Debtors seek, pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code and Bankruptcy Rule 9019, to transfer Real Estate Foreclosure Loans owned by the Debtors to Foreclosure SPEs pursuant to the procedures outlined above to efficiently realize maximum value of the Real Estate Foreclosure Loans and/or the Foreclosure Properties underlying the Real Estate Foreclosure Loans and to minimize the impact on the estate's assets of the potential liabilities related to such Foreclosure Properties for the benefit of the Debtors' estates and their creditors.

22. Section 105(a) of the Bankruptcy Code provides that "[t]he court may issue any order that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Section 363(b)(1) of the Bankruptcy Code provides, in relevant part, "the trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). When considering a transaction outside the ordinary course of business, courts in the Second Circuit, and others, require that such transaction be based upon the sound business judgment of the debtor. *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070 (2d Cir. 1983); *accord In re Chateaugay Corp.*, 973 F.2d 141, 143 (2d Cir. 1992); *In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996) (citing *Fulton State Bank v. Schipper (In Re Schipper)*, 933 F.2d 513, 515 (7th Cir. 1991)); *Institutional Creditors of Cont'l Airlines, Inc. v. Cont'l Airlines, Inc. (In re Cont'l Airlines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986).

23. It is generally understood that “[w]here the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *In re Johns-Manville Corp.*, 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). If a valid business justification exists, there is a strong presumption that “the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *In re Integrated Res., Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993). The burden of rebutting this presumption falls to parties opposing the proposed exercise of a debtor’s business judgment. *Id.* (citing *Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984)).

24. To the extent that the transfer of Real Estate Foreclosure Loans to Foreclosure SPEs is deemed to involve a compromise and settlement of claims, approval of the transfer is also warranted under Bankruptcy Rule 9019(a), which provides that, “[o]n motion by the [debtor-in-possession] and after notice and a hearing, the court may approve a compromise or settlement.” FED. R. BANKR. P. 9019(a). This rule empowers bankruptcy courts to approve compromises “if they are in the best interest of the estate.” *Vaughn v. Drexel Burnham Lambert Group, Inc. (In re Drexel Burnham Lambert Group, Inc.)*, 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991); *see also Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *Fisher v. Pereira (In re 47-49 Charles St., Inc.)*, 209 B.R. 618, 620 (S.D.N.Y. 1997); *In re Ionosphere Clubs, Inc.*, 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff’d*, 17 F.3d 600 (2d Cir. 1994). Indeed, courts have long considered compromises to be “a normal part of the process of reorganization.” *TMT Trailer Ferry*, 390 U.S. at 424 (quoting *Case v. Los Angeles Lumber Prods. Co.*, 308 U.S. 106, 130 (1939)).



25. The decision to approve a particular compromise lies within the sound discretion of the bankruptcy court. *Nellis v. Shugrue*, 165 B.R. 115, 123 (S.D.N.Y. 1994). The settlement need not result in the best possible outcome for the debtor, but must not fall beneath the lowest point in the range of reasonableness.” *Drexel Burnham Lambert Group*, 134 B.R. at 505; see also *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983); *In re Spielfogel*, 211 B.R. 133, 144 (Bankr. E.D.N.Y. 1997). Additionally, a court may exercise its discretion “in light of the general public policy favoring settlements.” *In re Hibbard Brown & Co., Inc.*, 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998). However, the analysis must focus on the question of whether a particular compromise is “fair and equitable, and in the best interest of the estate.” *In re Best Products*, 165 B.R. 35, 50 (Bankr. S.D.N.Y. 1994) (internal citations omitted).

26. While a court must “evaluate ... all ... factors relevant to a fair and full assessment of the wisdom of the proposed compromise,” *Anderson*, 390 U.S. at 424-25, a court need not conduct a “mini-trial” of the merits of the claims being settled, *W.T. Grant Co.*, 699 F.2d at 608, or conduct a full independent investigation. *Drexel Burnham Lambert Group*, 134 B.R. at 496. “[T]he bankruptcy judge does not have to decide the numerous questions of law and fact.... The court need only canvass the settlement to determine whether it is within the accepted range of reasonableness.” *Nellis*, 165 B.R. at 123 (internal citations omitted).

27. The court may give weight to the “informed judgments of the ... debtor-in-possession and their counsel that a compromise is fair and equitable, and consider the competency and experience of counsel who support the compromise.” *Drexel Burnham Lambert Group*, 134 B.R. at 505 (internal citations omitted); see also *In re Purofied Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993); accord *In re Ashford Hotels Ltd.*, 226 B.R. 797, 802 (Bankr.

S.D.N.Y. 1998) (“Significantly, that test does not contemplate that I substitute my judgment for the Trustee’s, but only that I test his choice for reasonableness.... If the Trustee chooses one of two reasonable choices, I must approve that choice, even if, all things being equal, I would have selected the other.”).

28. Significantly, there is no requirement that “the value of the compromise ... be dollar-for-dollar the equivalent of the claim.” *Ionosphere Clubs, Inc.*, 156 B.R. at 427. Instead, “there is no reason, at least in theory, why a satisfactory settlement could not amount to a hundredth or even a thousandth part of a single percent of the potential recovery.” *Id.* at 427-28 (quoting *City of Detroit v. Grinnell Corp.*, 495 F.2d 448 (2nd Cir. 1974)).

29. For the reasons discussed above, the Debtors believe that the transfers of Real Estate Foreclosure Loans to Foreclosure SPEs constitute transactions in the ordinary course of the Debtors’ business not requiring notice or a hearing under section 363(c) of the Bankruptcy Code. To the extent that such transactions are deemed to be outside of the ordinary course of the Debtors’ business, the Debtors have nevertheless determined, in their sound business judgment, that the transfer of Real Estate Foreclosure Loans to Foreclosure SPEs represents their best method to realize value from the Foreclosure Properties underlying the Real Estate Foreclosure Loans and limit potential liabilities that could otherwise arise against the Debtors for claims related to the Foreclosure Properties to the detriment of the Debtors’ estates and their creditors. By transferring Real Estate Loans to wholly-owned Foreclosure SPEs, the Debtors retain their economic interest in the Real Estate Loans while at the same time protecting their estates’ assets from potentially significant liability.

30. In light of the expected volume of such transfers currently contemplated by the Debtors, the Debtors submit that in order to take full advantage of these processes and

limit the costs that would otherwise be incurred in seeking Court approval on a one-off basis, they require pre-authorization from the Court for procedures authorizing them to transfer Real Estate Foreclosure Loans to Foreclosure SPEs, dispose of related Foreclosure Property and, where necessary and appropriate, grant releases to the borrowers, indemnitors, and guarantors of Real Estate Foreclosure Loans of all obligations under such loans. The proposed procedures are designed to allow the Debtors to effectively and safely dispose of Real Estate Foreclosure Loans and/or Foreclosure Property while at the same time protecting the interests of the estates' creditors' in same by implementing certain notice and consent requirements as conditions to Commercial Property and Residential Portfolio Sales. To the extent the Creditors' Committee does not consent to a proposed Commercial Property or Residential Portfolio Sale, the proposed procedures provide the Debtors the ability to transfer the subject Real Estate Foreclosure Loans and/or Foreclosure Property back to LBHI so that the Debtors can seek Court approval of same on an individualized basis.

31. To the extent the Debtors deem it necessary to grant releases to particular borrowers, indemnitors, and guarantors under Real Estate Foreclosure Loans, they require pre-authorization from the Court for procedures approving future compromises and settlements of claims of the sort other courts have granted to debtors in possession in other large chapter 11 cases, including *In re Footstar, Inc. et al.*, (Case No. 04-22350) (Bankr. S.D.N.Y.) (approving procedures for the settlement of litigation claims and pre-petition leases and contracts); *In re NRG Energy, Inc., et al.* (Case No. 03-13024) (Bankr. S.D.N.Y. 2003) (approval of procedures for the settlement of terminated derivative contracts); *In re Mirant Corporation, et al.* (Case No. 03-46590) (Bankr. N.D. Tex. 2003) (approval of procedures for the settlement of terminated derivative contracts); *In re Enron Corp., et al.* (Case No. 01-16034) (Bankr. S.D.N.Y. 2001)

(approval of procedures for estimation and settlement of unliquidated and contingent claims); *In re Armstrong World Industries, Inc., et al.* (Case No. 00-4471) (Bankr. D. Del. 2000) (approving procedures for the settlement of personal injury claims, employee litigation claims and tax claims against the debtor).

32. For the foregoing reasons, the procedures set forth in this Motion for the transfer and disposition of Real Estate Foreclosure Loans and granting of releases with respect to same are within the parameters set forth in Bankruptcy Rule 9019 and are in the best interests of the Debtors, their estates, their creditors, and all parties in interest.

#### **Notice**

33. No trustee has been appointed in these chapter 11 cases. The Debtors have served notice of this Motion in accordance with the procedures set forth in the order entered on February 13, 2009 governing case management and administrative procedures for these cases [Docket No. 2837] on (i) the U.S. Trustee; (ii) the attorneys for the Creditor's Committee; (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; and (vi) all parties who have requested notice in these chapter 11 cases. The Debtors submit that no other or further notice need be provided.

34. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

DATED: August 26, 2009  
New York, New York

/s/ Jacqueline Marcus

Shai Y. Waisman  
Jacqueline Marcus

WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
(212) 310-8000

ATTORNEYS FOR DEBTORS AND  
DEBTORS IN POSSESSION

**Exhibit A - Commercial Real Estate Loans**

Original MTS Number	REO Number	Formation Date	Original Lender Entity	Foreclosure SPE
WH9196	REO247	April-08	LBHI	Lincoln Aventura LLC
VE38	REO254	March-09	LBHI	SD Mark Holdings LLC
WB66	REO255	March-09	LBHI	734 NW 6th Avenue LLC
WE12	REO256	April-09	LBHI	AZ 72 Holdings LLC
WH5658	REO257	April-09	LBHI	CO 112 Overlook Drive LLC
WB99	REO259	May-09	LBHI	NY 325 West Broadway Holdings LLC
WE297	REO260	May-09	LBHI	MD Northgate Holdings LLC
WH5904	REO264	July-09	LBHI	NY West 37th Street Holdings LLC
WE152/VA94	REO265	July-09	LBHI	FL Azure Holdings LLC
VV82	REO266	July-09	LBHI	CT Westport Riverside LLC
SN75	REO267	July-09	LBHI	MI Hamlin Development Associates LLC
QZ23	REO268	July-09	LBHI	MI One Woodward Avenue Associates LLC
RX32	REO269	July-09	LBHI	MI Shelby Industrial Investors LLC
WH4689	REO270	July-09	LBHI	FL Whitworth Holdings LLC
WE284	REO273	August-09	LBHI	FL 5931 West Commercial Boulevard LLC
TS20	REO274	August-09	LBHI	FL 1857 San Marco Road LLC

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
123889883	89001791	LBHI
111387098	12398533	LBHI
116904475	1870575	LBHI
122291990	73725604	LBHI
124476987	9963442	LBHI
124486887	75247539	LBHI
122316763	73726733	LBHI
104696281	74674939	LBHI
123896342	144638463	LBHI
124373820	22268777	LBHI
125117044	75935785	LBHI
124372475	22257887	LBHI
119772499	124001797	LBHI
123895799	147331677	LBHI
122288046	73730829	LBHI
122297583	73709618	LBHI
124486663	75247259	LBHI
123154767	74584752	LBHI
124974916	75889347	LBHI
122302961	73710859	LBHI
124794082	75244379	LBHI
117072587	74584696	LBHI
122288624	73727773	LBHI
124486671	75247427	LBHI
125117069	75935809	LBHI
100833771	74142233	LBHI
122297443	73725628	LBHI
113842652	74156338	LBHI
122317308	73729597	LBHI
116745985	74171820	LBHI
117068320	74584072	LBHI
122319825	73707066	LBHI
123036709	74050229	LBHI
122297591	73709490	LBHI
122922024	74035171	LBHI
122288525	73727213	LBHI
124229071	1100239931	LBHI
118701390	1100160007	LBHI
113253769	1100074509	LBHI
124827221	8020064138	LBHI
123165342	1100234571	LBHI
122258023	1100226832	LBHI
123805111	1100239296	LBHI
122708829	1100230711	LBHI
124228503	1100239882	LBHI
119386142	1100175800	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124229485	1100239964	LBHI
119437887	1100160431	LBHI
124228925	1100239919	LBHI
124228982	1100239922	LBHI
120561576	1100196156	LBHI
119370427	1100175084	LBHI
122238306	1100225217	LBHI
116581307	1100117085	LBHI
118255256	1100151317	LBHI
123804106	1100239241	LBHI
118255272	1100151322	LBHI
121307318	1100215615	LBHI
120788799	1100202889	LBHI
120813902	1100204598	LBHI
46895850	46895850	LBHI
11720315	11720315	LBHI
33020082	33020082	LBHI
123785727	123785727	LBHI
40070211	40070211	LBHI
46900593	46900593	LBHI
124172693	124172693	LBHI
40692758	40692758	LBHI
33491523	33491523	LBHI
125013714	125013714	LBHI
123784696	123784696	LBHI
47650189	47650189	LBHI
39562376	39562376	LBHI
40512618	40512618	LBHI
46180014	46180014	LBHI
124994294	124994294	LBHI
124697947	124697947	LBHI
47801568	47801568	LBHI
40722910	40722910	LBHI
123771727	123771727	LBHI
40537383	40537383	LBHI
123687683	123687683	LBHI
33701053	33701053	LBHI
40812109	40812109	LBHI
120615943	120615943	LBHI
33031204	33031204	LBHI
47458666	47458666	LBHI
33306085	33306085	LBHI
14274401	14274401	LBHI
121187983	121187983	LBHI
40698714	40698714	LBHI
123846768	123846768	LBHI



**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
33031642	33031642	LBHI
124395138	124395138	LBHI
36894392	36894392	LBHI
118058254	118058254	LBHI
124599218	124599218	LBHI
40448086	40448086	LBHI
122948706	122948706	LBHI
14957609	14957609	LBHI
11855525	11855525	LBHI
14276737	14276737	LBHI
123699159	123699159	LBHI
123948275	123948275	LBHI
14495600	14495600	LBHI
32434771	32434771	LBHI
37436243	37436243	LBHI
124996315	124996315	LBHI
33754979	33754979	LBHI
32088148	32088148	LBHI
14674543	14674543	LBHI
124122862	124122862	LBHI
124818311	124818311	LBHI
119243996	119243996	LBHI
47725726	47725726	LBHI
33043274	33043274	LBHI
18056325	18056325	LBHI
124172701	124172701	LBHI
47463815	47463815	LBHI
16045510	16045510	LBHI
8104390	8104390	LBHI
33678392	33678392	LBHI
33633397	33633397	LBHI
124982588	124982588	LBHI
40741092	40741092	LBHI
14654776	14654776	LBHI
123958001	123958001	LBHI
11723863	11723863	LBHI
31951742	31951742	LBHI
124404864	124404864	LBHI
119972495	119972495	LBHI
40130338	40130338	LBHI
46548368	46548368	LBHI
40303190	40303190	LBHI
39924360	39924360	LBHI
40868937	40868937	LBHI
115939092	115939092	LBHI
124402231	124402231	LBHI

**Exhibit B - Residential Real Estate Loans**

<u>Aurora Loan Number</u>	<u>Servicer Loan Number</u>	<u>Lender</u>
124975186	124975186	LBHI
11777430	11777430	LBHI
40227480	40227480	LBHI
14015234	14015234	LBHI
33398090	33398090	LBHI
124978636	124978636	LBHI
123692683	123692683	LBHI
123671075	123671075	LBHI
14011712	14011712	LBHI
124121898	124121898	LBHI
124401506	124401506	LBHI
123788689	123788689	LBHI
124810136	124810136	LBHI
14124994	14124994	LBHI
124974338	124974338	LBHI
31502263	31502263	LBHI
123689242	123689242	LBHI
124405705	124405705	LBHI
124813429	124813429	LBHI
36380889	36380889	LBHI
124974957	124974957	LBHI
38514246	38514246	LBHI
45230661	45230661	LBHI
37223690	37223690	LBHI
35881648	35881648	LBHI
122398852	122398852	LBHI
15613144	15613144	LBHI
46019691	46019691	LBHI
124818006	124818006	LBHI
33756008	33756008	LBHI
124809526	124809526	LBHI
123950388	123950388	LBHI
32603037	32603037	LBHI
46388286	46388286	LBHI
39116918	39116918	LBHI
40397622	40397622	LBHI
39571617	39571617	LBHI
124994666	124994666	LBHI
115938516	115938516	LBHI
31939697	31939697	LBHI
38728887	38728887	LBHI
124961566	124961566	LBHI
124992116	124992116	LBHI
124513615	124513615	LBHI
33672601	33672601	LBHI
40724460	40724460	LBHI

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Aurora Loan Number	Servicer Loan Number	Lender
40728776	40728776	LBHI
40102964	40102964	LBHI
123782849	123782849	LBHI
40098980	40098980	LBHI
124395401	124395401	LBHI
38086112	38086112	LBHI
40713414	40713414	LBHI
124961533	124961533	LBHI
33029125	33029125	LBHI
123675118	123675118	LBHI
39165287	39165287	LBHI
38220968	38220968	LBHI
32265506	32265506	LBHI
122950892	122950892	LBHI
124406646	124406646	LBHI
123680845	123680845	LBHI
124399908	124399908	LBHI
121904171	121904171	LBHI
124974544	124974544	LBHI
124991068	124991068	LBHI
32207755	32207755	LBHI
124404278	124404278	LBHI
124990482	124990482	LBHI
124816497	124816497	LBHI
124828567	124828567	LBHI
123670556	123670556	LBHI
40776957	40776957	LBHI
124988395	124988395	LBHI
40044042	40044042	LBHI
124845769	124845769	LBHI
123704074	123704074	LBHI
118060714	118060714	LBHI
124400706	124400706	LBHI
40337628	40337628	LBHI
47315742	47315742	LBHI
124704974	124704974	LBHI
15177819	15177819	LBHI
33375726	33375726	LBHI
124408311	124408311	LBHI
124603176	124603176	LBHI
14207732	14207732	LBHI
124106451	124106451	LBHI
47607551	47607551	LBHI
11809977	11809977	LBHI
123772733	123772733	LBHI
123960155	123960155	LBHI

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Aurora Loan Number	Servicer Loan Number	Lender
38917670	38917670	LBHI
14282560	14282560	LBHI
124395492	124395492	LBHI
33279084	33279084	LBHI
31743610	31743610	LBHI
123930356	123930356	LBHI
124409483	124409483	LBHI
123789067	123789067	LBHI
123791402	123791402	LBHI
47116231	47116231	LBHI
124106121	124106121	LBHI
125000745	125000745	LBHI
40788010	40788010	LBHI
40303182	40303182	LBHI
123670820	123670820	LBHI
47886304	47886304	LBHI
40758526	40758526	LBHI
38496840	38496840	LBHI
15056484	15056484	LBHI
124229568	124229568	LBHI
124991530	124991530	LBHI
40020380	40020380	LBHI
11747557	11747557	LBHI
39663521	39663521	LBHI
33640889	33640889	LBHI
32239857	32239857	LBHI
124402728	124402728	LBHI
123948473	123948473	LBHI
123753444	123753444	LBHI
124810508	124810508	LBHI
120234471	120234471	LBHI
33661851	33661851	LBHI
47666391	47666391	LBHI
123951295	123951295	LBHI
123936577	123936577	LBHI
45079423	45079423	LBHI
123727745	123727745	LBHI
40657694	40657694	LBHI
124407743	124407743	LBHI
124404492	124404492	LBHI
124645508	124645508	LBHI
118060706	118060706	LBHI
11909512	11909512	LBHI
45683059	45683059	LBHI
124994260	124994260	LBHI
124842824	124842824	LBHI

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<u>Aurora Loan Number</u>	<u>Servicer Loan Number</u>	<u>Lender</u>
46589065	46589065	LBHI
14773907	14773907	LBHI
32962276	32962276	LBHI
40053910	40053910	LBHI
124928177	124928177	LBHI
14314249	14314249	LBHI
47883129	47883129	LBHI
124408352	124408352	LBHI
124849167	124849167	LBHI
11498581	11498581	LBHI
33675570	33675570	LBHI
123687204	123687204	LBHI
124687286	124687286	LBHI
124981507	124981507	LBHI
19083591	19083591	LBHI
47391602	47391602	LBHI
40350761	40350761	LBHI
40732513	40732513	LBHI
39566534	39566534	LBHI
33487695	33487695	LBHI
40555591	40555591	LBHI
40359416	40359416	LBHI
125007955	125007955	LBHI
32930596	32930596	LBHI
124965963	124965963	LBHI
125004739	125004739	LBHI
33014689	33014689	LBHI
47303359	47303359	LBHI
33769894	33769894	LBHI
40687691	40687691	LBHI
125004812	125004812	LBHI
124965377	124965377	LBHI
45079340	45079340	LBHI
40666083	40666083	LBHI
33675752	33675752	LBHI
33457276	33457276	LBHI
119452928	119452928	LBHI
123785297	123785297	LBHI
124397498	124397498	LBHI
32454456	32454456	LBHI
40834913	40834913	LBHI
47881487	47881487	LBHI
38619383	38619383	LBHI
14969687	14969687	LBHI
47158142	47158142	LBHI
39235312	39235312	LBHI

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Aurora Loan Number	Servicer Loan Number	Lender
124408097	124408097	LBHI
33098864	33098864	LBHI
123785966	123785966	LBHI
118057959	118057959	LBHI
123698581	123698581	LBHI
40340077	40340077	LBHI
40571846	40571846	LBHI
123731416	123731416	LBHI
125001578	125001578	LBHI
124995564	124995564	LBHI
40625170	40625170	LBHI
124400888	124400888	LBHI
40240509	40240509	LBHI
40687386	40687386	LBHI
40191579	40191579	LBHI
32950594	32950594	LBHI
122943517	122943517	LBHI
47226899	47226899	LBHI
14298202	14298202	LBHI
14736409	14736409	LBHI
124981481	124981481	LBHI
40756561	40756561	LBHI
121188072	121188072	LBHI
47338843	47338843	LBHI
47093844	47093844	LBHI
122949977	122949977	LBHI
33148511	33148511	LBHI
123750077	123750077	LBHI
14773915	14773915	LBHI
120906672	120906672	LBHI
18076836	18076836	LBHI
122950611	122950611	LBHI
14671077	14671077	LBHI
123153389	123153389	LBHI
45889482	45889482	LBHI
11817806	11817806	LBHI
124994302	124994302	LBHI
14138226	14138226	LBHI
40900193	40900193	LBHI
40614810	40614810	LBHI
35992999	35992999	LBHI
47876917	47876917	LBHI
14716526	14716526	LBHI
124461203	124461203	LBHI
15520935	15520935	LBHI
39382197	39382197	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
118059591	118059591	LBHI
118060011	118060011	LBHI
124981911	124981911	LBHI
40725004	40725004	LBHI
47023981	47023981	LBHI
46443750	46443750	LBHI
124793928	124793928	LBHI
124121542	124121542	LBHI
124400771	124400771	LBHI
40771297	40771297	LBHI
39019013	39019013	LBHI
124984287	124984287	LBHI
123683765	123683765	LBHI
31536410	31536410	LBHI
33760141	33760141	LBHI
123792749	123792749	LBHI
40206492	40206492	LBHI
16725475	16725475	LBHI
11818515	11818515	LBHI
11818457	11818457	LBHI
11818416	11818416	LBHI
11704319	11704319	LBHI
112774757	112774757	LBHI
124121443	124121443	LBHI
33237892	33237892	LBHI
45222536	45222536	LBHI
123047557	123047557	LBHI
123745416	123745416	LBHI
124409558	124409558	LBHI
124782830	124782830	LBHI
114121817	114121817	LBHI
14044895	14044895	LBHI
123787392	123787392	LBHI
40014805	40014805	LBHI
40673634	40673634	LBHI
33237546	33237546	LBHI
15050081	15050081	LBHI
32816324	32816324	LBHI
123753204	123753204	LBHI
14087860	14087860	LBHI
123792285	123792285	LBHI
33531203	33531203	LBHI
32946600	32946600	LBHI
11871977	11871977	LBHI
125012195	125012195	LBHI
47187646	47187646	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
123950560	123950560	LBHI
40005175	40005175	LBHI
125075101	125075101	LBHI
33231275	33231275	LBHI
45346970	45346970	LBHI
123689689	123689689	LBHI
47498449	47498449	LBHI
122948748	122948748	LBHI
40147225	40147225	LBHI
11842523	11842523	LBHI
47188297	47188297	LBHI
33629023	33629023	LBHI
125004085	125004085	LBHI
33238015	33238015	LBHI
40030918	40030918	LBHI
124975749	124975749	LBHI
123952194	123952194	LBHI
46703849	46703849	LBHI
124401209	124401209	LBHI
32873010	32873010	LBHI
123672404	123672404	LBHI
11424975	11424975	LBHI
47785506	47785506	LBHI
11855913	11855913	LBHI
114175268	114175268	LBHI
124961541	124961541	LBHI
47520077	47520077	LBHI
30703573	30703573	LBHI
46444824	46444824	LBHI
46556635	46556635	LBHI
40739955	40739955	LBHI
123226417	123226417	LBHI
39393806	39393806	LBHI
124404120	124404120	LBHI
116114018	116114018	LBHI
124901463	124901463	LBHI
32976409	32976409	LBHI
124482019	124482019	LBHI
32129991	32129991	LBHI
124965526	124965526	LBHI
123229007	123229007	LBHI
125001966	125001966	LBHI
124456112	124456112	LBHI
47451620	47451620	LBHI
118525765	118525765	LBHI
124793902	124793902	LBHI



**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124976721	124976721	LBHI
124645946	124645946	LBHI
11777455	11777455	LBHI
123462046	123462046	LBHI
11818549	11818549	LBHI
124977059	124977059	LBHI
15472350	15472350	LBHI
32493009	32493009	LBHI
47747241	47747241	LBHI
123745432	123745432	LBHI
40070807	40070807	LBHI
125080010	125080010	LBHI
39995055	39995055	LBHI
33374273	33374273	LBHI
11606761	11606761	LBHI
124819467	124819467	LBHI
121187868	121187868	LBHI
124703117	124703117	LBHI
116139411	116139411	LBHI
40914954	40914954	LBHI
47051453	47051453	LBHI
123786246	123786246	LBHI
124744533	124744533	LBHI
40085953	40085953	LBHI
123788556	123788556	LBHI
38454468	38454468	LBHI
119418978	119418978	LBHI
124961525	124961525	LBHI
40601007	40601007	LBHI
40417735	40417735	LBHI
119756427	116583157	LBHI
124181504	6794122025	LBHI
125137612	10662732	LBHI
125146688	704741205	LBHI
125149716	1151534	LBHI
110136454	1119796907	LBHI
106743172	1119851729	LBHI
125521179	1283106	LBHI
125523340	6001130	LBHI
110143518	1119840133	LBHI
16730574	770594605	LBHI
116462797	624385155	LBHI
106737257	1119817199	LBHI
116463589	628787548	LBHI
105225007	1119816833	LBHI
125519801	1011136	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
40898157	823087	LBHI
123193492	357413014	LBHI
122915713	74030163	LBHI
122287121	73729309	LBHI
124999582	75888531	LBHI
102544715	3671647	LBHI
124815598	359516180	LBHI
124817222	359516233	LBHI
124402389	359504286	LBHI
124817487	359516223	LBHI
122299241	73730565	LBHI
112632799	18706911	LBHI
118619246	47367883	LBHI
123634156	28809481	LBHI
123776353	35346725	LBHI
123778789	30822266	LBHI
123625881	26458539	LBHI
123637324	30071534	LBHI
124815184	359516389	LBHI
124816190	359516170	LBHI
124227307	359510111	LBHI
123561151	359493195	LBHI
124400326	359503963	LBHI
124400243	359503909	LBHI
124223405	359509730	LBHI
124404963	359504396	LBHI
124812579	359516320	LBHI
124818634	359516247	LBHI
124816711	359516218	LBHI
124402967	359504388	LBHI
124841321	359522009	LBHI
124407099	359504322	LBHI
124404450	359504302	LBHI
124814310	359516149	LBHI
124402827	359504412	LBHI
124407354	359504174	LBHI
124405853	359504146	LBHI
124810318	359516351	LBHI
122297492	359420598	LBHI
124225350	359509924	LBHI
124361767	359510806	LBHI
124407644	359504046	LBHI
123984957	359493192	LBHI
122313612	359420645	LBHI
124960543	359522817	LBHI
124816703	359516251	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124223660	359509756	LBHI
120004163	307675003	LBHI
124817545	359516257	LBHI
120014576	307677222	LBHI
124401258	359504378	LBHI
124452707	359516843	LBHI
124960329	359522826	LBHI
124960220	359522838	LBHI
124222431	359509638	LBHI
122882376	307716987	LBHI
124814054	359516332	LBHI
124841669	359521997	LBHI
124841388	359521975	LBHI
124841404	359521977	LBHI
124812363	359516279	LBHI
124841636	359522012	LBHI
124841396	359521976	LBHI
122300429	359420590	LBHI
122921976	359420766	LBHI
124227224	359510103	LBHI
124227265	359510107	LBHI
33359654	89001646	LBHI
124816984	89001994	LBHI
124121914	89001820	LBHI
118131960	89001679	LBHI
122944028	89001728	LBHI
121868632	89001715	LBHI
124407636	89001903	LBHI
124123845	89001832	LBHI
115602401	89001659	LBHI
123838088	89001790	LBHI
122612062	89001719	LBHI
124812918	89001967	LBHI
113022149	89001655	LBHI
124481995	89001914	LBHI
123948440	89001800	LBHI
124407909	89001905	LBHI
113485965	89001656	LBHI
122948771	89001735	LBHI
124403353	89001873	LBHI
124813692	89001975	LBHI
123789026	89001783	LBHI
123935124	89001792	LBHI
124811175	89001942	LBHI
122948730	89001732	LBHI
122947567	89001730	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
123790230	89001784	LBHI
124404203	89001877	LBHI
124811019	89001941	LBHI
124817149	89001996	LBHI
124402587	89001867	LBHI
124166281	6100551	LBHI
124140682	6095500	LBHI
123970923	6078759	LBHI
123303976	6059146	LBHI
124131145	124956256	LBHI
123348856	6014402	LBHI
123350365	6048940	LBHI
123356461	6029688	LBHI
124853078	126753712	LBHI
123299380	6049288	LBHI
124733643	126585824	LBHI
124853300	126592058	LBHI
122694961	6033182	LBHI
124853060	126688381	LBHI
105601926	6427565	LBHI
124405630	359504398	LBHI
109903781	8433659490	LBHI
124816604	359516192	LBHI
124811704	359516353	LBHI
123037145	359420807	LBHI
113284285	185795564	LBHI
124404435	359504299	LBHI
124809294	359516346	LBHI
124841313	359522025	LBHI
124408782	359504066	LBHI
115244998	1100099769	LBHI
120732656	195110739	LBHI
124224577	359509846	LBHI
120037676	1100180342	LBHI
123041774	359420661	LBHI
124409707	359504118	LBHI
124812132	359516278	LBHI
124810532	359516394	LBHI
124225251	359509914	LBHI
124222845	359509677	LBHI
124167321	125484699	LBHI
125131565	642501639	LBHI
117485268	695432666	LBHI
123936742	359516151	LBHI
124842147	359521990	LBHI
123471005	6067014	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124224601	359509849	LBHI
122878416	307716483	LBHI
122691280	6023285	LBHI
124836826	49246937	LBHI
123168601	154931521	LBHI
121164214	56184930	LBHI
124454968	359517314	LBHI
124817628	359516263	LBHI
124401902	359504379	LBHI
124404369	359504267	LBHI
124366139	359510675	LBHI
124818121	359516229	LBHI
124810771	359516275	LBHI
123035396	359420773	LBHI
124401936	359504382	LBHI
124359340	359510464	LBHI
122959034	307725978	LBHI
122286032	359420774	LBHI
124400425	359503976	LBHI
124407271	359504036	LBHI
124811100	359516289	LBHI
124405465	359504359	LBHI
124407289	359504033	LBHI
124227513	359510136	LBHI
120290549	307709026	LBHI
122311335	359420639	LBHI
124841446	359522008	LBHI
123935686	359516141	LBHI
124842089	359522026	LBHI
123036147	359420806	LBHI
123040008	359420697	LBHI
119602258	144325917	LBHI
125111120	9421866	LBHI
108825761	6162504556	LBHI
110130929	8976130	LBHI
124822412	251942785	LBHI
111485603	8451226925	LBHI
107886475	5600590	LBHI
112929039	9304019	LBHI
122189061	195857248	LBHI
111483822	8471469372	LBHI
124797424	24559023	LBHI
124911033	24637621	LBHI
118686260	22354138	LBHI
124905183	24622177	LBHI
124948274	24665358	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
123519720	24053787	LBHI
116626771	20741690	LBHI
124827528	201030764	LBHI
124917550	20428017	LBHI
124925868	21983457	LBHI
124915224	21993795	LBHI
124924697	21984471	LBHI
124928144	21745625	LBHI
124929472	22100507	LBHI
124927344	21929484	LBHI
124926643	22009245	LBHI
124928896	21922182	LBHI
124926593	22045413	LBHI
124923574	22051817	LBHI
124915398	21974563	LBHI
124915638	21949029	LBHI
124917022	22057475	LBHI
124922857	22068563	LBHI
124924713	21910138	LBHI
124917329	21976055	LBHI
124931486	21436969	LBHI
124923137	22018089	LBHI
124918194	21939442	LBHI
124926205	22010870	LBHI
124920968	21985544	LBHI
124916115	21974449	LBHI
124918707	22044796	LBHI
124931791	21545264	LBHI
124917147	22067771	LBHI
124919663	21939822	LBHI
124929159	21884762	LBHI
124927674	22097018	LBHI
124915281	21929070	LBHI
124924085	22023170	LBHI
124916362	21957568	LBHI
124917204	21990221	LBHI
124921008	21911318	LBHI
124918996	21987474	LBHI
124924465	21955778	LBHI
124923798	21998034	LBHI
124931098	21754262	LBHI
124924861	21736251	LBHI
124920018	22052872	LBHI
124931122	21769195	LBHI
124923772	22086631	LBHI
124919895	20428306	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124927054	21985478	LBHI
124925421	22029698	LBHI
124918566	21976592	LBHI
124928961	21975156	LBHI
124925751	21901194	LBHI
124926254	22086060	LBHI
124926452	21584479	LBHI
124929480	22100101	LBHI
124919051	22054142	LBHI
124923392	22052252	LBHI
124925645	21913314	LBHI
124915786	22050389	LBHI
124923707	20426557	LBHI
124924077	21903349	LBHI
124928300	21894399	LBHI
124928771	21918628	LBHI
124926494	22016745	LBHI
124916867	21937230	LBHI
124917774	22046759	LBHI
124929464	22097083	LBHI
124926437	22032478	LBHI
124918210	21909866	LBHI
124915372	21987805	LBHI
124916909	22068605	LBHI
124927963	22099840	LBHI
124926619	22043400	LBHI
124914383	22049860	LBHI
124931551	22053623	LBHI
124929324	22102594	LBHI
124929936	22101026	LBHI
124926908	21953609	LBHI
124930215	22101141	LBHI
124914540	22031587	LBHI
124925504	21968441	LBHI
124932179	22096705	LBHI
124915059	22040125	LBHI
124915521	21936158	LBHI
124925454	21920723	LBHI
124924945	21902986	LBHI
124925181	21976105	LBHI
124926213	22050868	LBHI
124923566	21909197	LBHI
124916917	21915905	LBHI
124927617	21999339	LBHI
124924846	21973748	LBHI
124928748	21892526	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124917964	21967930	LBHI
124930389	22075691	LBHI
124915851	21954086	LBHI
122189384	193562113	LBHI
117819383	139739544	LBHI
119603215	141167411	LBHI
117083022	3023108	LBHI
124838715	5367574	LBHI
123207482	151411436	LBHI
125110171	255021719	LBHI
125131672	641760756	LBHI
125108993	3660563	LBHI
120740600	1100202046	LBHI
125132688	633659446	LBHI
124820440	9278325	LBHI
121840656	1100220956	LBHI
117094375	3063864	LBHI
125107144	3227917	LBHI
125115550	193578069	LBHI
124822347	196463087	LBHI
124825456	1139603	LBHI
124840224	255151813	LBHI
124824509	252113576	LBHI
116886276	5123457	LBHI
125118836	5430021	LBHI
120737309	1100202361	LBHI
125119206	382551	LBHI
124836727	201075959	LBHI
125128009	630876266	LBHI
124825514	200868792	LBHI
124823261	8472128456	LBHI
124142597	6098105	LBHI
124823956	196201065	LBHI
117099861	3079720	LBHI
119310019	148519382	LBHI
112821509	8291543	LBHI
125117341	8406471	LBHI
117108555	2908374	LBHI
113256614	5753658	LBHI
117083857	3460276	LBHI
125120238	5100387751	LBHI
117820175	141589531	LBHI
125130773	644236895	LBHI
124824517	226278513	LBHI
121163802	641273727	LBHI
123920217	6065709	LBHI



**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124824715	201935962	LBHI
122982267	195227103	LBHI
109895045	255190589	LBHI
123553042	24098634	LBHI
119093433	22647721	LBHI
124596701	41275603	LBHI
124534660	41166919	LBHI
124327198	99909509	LBHI
117111757	30484695	LBHI
117074088	100369743	LBHI
124550468	41231846	LBHI
124562174	41268715	LBHI
115931610	3897139	LBHI
124501545	41151168	LBHI
120023189	5454632	LBHI
39729959	40873978	LBHI
33474396	40870776	LBHI
120029061	5457148	LBHI
124324195	99857476	LBHI
124530999	41163866	LBHI
116896499	30379630	LBHI
113204622	30366082	LBHI
109864538	32966657	LBHI
105700736	31481815	LBHI
124318635	99794067	LBHI
113197891	31513468	LBHI
124324849	99871253	LBHI
124512609	41156506	LBHI
115930927	3894532	LBHI
116911330	30490510	LBHI
105845408	31583560	LBHI
124558412	41267451	LBHI
124498767	41149618	LBHI
124320151	99809436	LBHI
124500778	41150632	LBHI
117086702	30490353	LBHI
124322298	99828881	LBHI
119317634	148718174	LBHI
123976060	153074679	LBHI
122639073	152008694	LBHI
123976201	151727237	LBHI
123207409	151488731	LBHI
123973943	151370921	LBHI
124314303	99718496	LBHI
123936049	21438965	LBHI
124928722	21939640	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
124927880	22101588	LBHI
124922055	21932579	LBHI
124925991	21906052	LBHI
117077263	100384627	LBHI
124925306	22016323	LBHI
124924937	22030431	LBHI
102531910	3796744	LBHI
124924895	21971270	LBHI
124325077	99876286	LBHI
122290513	73723692	LBHI
116906439	5047877	LBHI
120262118	325003689	LBHI
118164722	324607621	LBHI
122781073	326328853	LBHI
122765274	325826386	LBHI
122765340	325825370	LBHI
124812330	89001962	LBHI
124402520	89001865	LBHI
122584394	307713351	LBHI
122318199	359420795	LBHI
111568606	50246744	LBHI
20438396	50165443	LBHI
123781007	35017136	LBHI
123659542	38887170	LBHI
123505539	10816692	LBHI
124322256	99828444	LBHI
124329160	99924243	LBHI
117148205	21035852	LBHI
124445685	24439168	LBHI
124756347	24529042	LBHI
124400599	359503984	LBHI
124409178	359504211	LBHI
123639056	30479901	LBHI
115368730	20049961	LBHI
115216830	19961341	LBHI
123777047	35726314	LBHI
106744386	611159600	LBHI
120256250	324998806	LBHI
118192376	324618040	LBHI
122750508	325817534	LBHI
116597691	630057362	LBHI
122180128	148351505	LBHI
105035968	4508230	LBHI
105564876	8473665902	LBHI
108311564	8006551025	LBHI
124822099	42716878	LBHI

**Exhibit B - Residential Real Estate Loans**

Aurora Loan Number	Servicer Loan Number	Lender
108605445	8430858269	LBHI
107333817	8002630872	LBHI
125113324	43792092	LBHI
121164198	3073434015	LBHI
109060699	8450459592	LBHI
124814658	359516380	LBHI
123937088	89001796	LBHI
124816307	359516256	LBHI
124815796	359516207	LBHI
124818915	89002015	LBHI

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	:
	:
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:
	:
Debtors.	:
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	:
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	:
	:
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Chapter 11 Case No.  
08-13555 (JMP)  
(Jointly Administered)

**ORDER PURSUANT TO SECTIONS 105(a) AND 363(b)  
OF THE BANKRUPTCY CODE AND RULE 9019 OF THE  
FEDERAL RULES OF BANKRUPTCY PROCEDURE ESTABLISHING  
PROCEDURES FOR THE DEBTORS TO TRANSFER THEIR INTERESTS  
IN RESPECT OF RESIDENTIAL AND COMMERCIAL LOANS SUBJECT  
TO FORECLOSURE TO WHOLLY-OWNED NON-DEBTOR SUBSIDIARIES**

Upon the motion, dated August 26, 2009 (the "Motion"), of Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (collectively, the "Debtors" and, together with their non-debtor affiliates, "Lehman"), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the "Bankruptcy Code") and rule 9019 of the Federal Rules of Bankruptcy Procedure for the establishment of procedures for the Debtors to transfer their interests in respect of Real Estate Foreclosure Loans<sup>1</sup> to wholly-owned non-debtor subsidiaries, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being

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<sup>1</sup> All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided in accordance with the procedures set forth in the order entered February 13, 2009 governing case management and administrative procedures for these cases [Docket No. 2837] to (i) the United States Trustee for the Southern District of New York; (ii) the attorneys for the official committee of unsecured creditors appointed in these cases (the “Committee”); (iii) the Securities and Exchange Commission; (iv) the Internal Revenue Service; (v) the United States Attorney for the Southern District of New York; and (vi) all parties who have requested notice in these chapter 11 cases, and it appearing that no other or further notice need be provided; and a hearing (the “Hearing”) having been held to consider the relief requested in the Motion; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted; and it is further

ORDERED that Debtors shall be, and hereby are, authorized to transfer Residential Foreclosure Loans (or other loans secured by residential real estate subject to foreclosure) or the related foreclosure judgments to Foreclosure SPEs in accordance with the following Procedures:

- a. Without further order of the Court or approval of or notice to any party, the Debtors may (i) transfer Residential Foreclosure Loans (or other loans secured by residential real estate subject to foreclosure) or the related foreclosure judgments to Foreclosure SPEs directly or indirectly wholly owned by LBHI or Lunar, and (ii) where a Foreclosure SPE takes title to the Foreclosure Property through execution of a deed in lieu of foreclosure, assignment in lieu of foreclosure, or similar mechanism, grant releases to the borrowers, indemnitors, and guarantors (to the extent the Debtors deem necessary) under such loans of all obligations with respect to such loans.

b. To the extent the Debtors seek to sell one or more Residential Real Estate Loans and/or residential Foreclosure Properties held by a Foreclosure SPE, or for that matter an entire Foreclosure SPE holding Residential Real Estate Loans or residential Foreclosure Properties, in one or more related transactions to the same purchaser (a "Residential Portfolio Sale") the aggregate value or purchase price of which is less than \$10,000,000.00, the Debtors may sell such Residential Real Estate Loans or residential Foreclosure Properties or Foreclosure SPEs holding Residential Real Estate Loans or residential Foreclosure Properties without further order of the Court or approval of any other party; *provided, however*, that the Debtors will provide notice to the Creditors' Committee of such Residential Portfolio Sale following the closing of the Residential Portfolio Sale.

c. With respect to a Residential Portfolio Sale where (1) the aggregate value or purchase price of the Residential Real Estate Loans and residential Foreclosure Properties included in such Residential Portfolio Sale is equal to or greater than \$10,000,000.00 but less than \$25,000,000.00, (2) the purchase price of the Residential Real Estate Loans and residential Foreclosure Properties included in such Residential Portfolio Sale is less than 50% of the aggregate value of the Residential Real Estate Loans and residential Foreclosure Properties included in such Residential Portfolio Sale, or (3) purchaser is a person employed by the Debtors at any time on or after September 15, 2007, or an entity unaffiliated with the Debtors for which a person employed by the Debtors at any time on or after September 15, 2007 is materially involved in the negotiations of the purchase of such loan, the Debtors will submit to the Creditors' Committee a summary of the proposed sale transaction identifying (i) the Residential Real Estate Loans and Foreclosure Properties included in the Residential Portfolio Sale, (ii) the aggregate face value of the Residential Real Estate Loans and Foreclosure Properties included in the Residential Portfolio Sale, (iii) the proposed purchaser of the Residential Real Estate Loans and Foreclosure Properties in the Residential Portfolio Sale, (iv) the purchase price, and (v) the material terms and conditions of the proposed Residential Portfolio Sale (the "Residential Portfolio Sale Summary"). The Creditors' Committee will be required to submit any objections to a Residential Portfolio Sale identified in a Residential Portfolio Sale Summary, so as to be received by the Debtors on or before ten (10) business days after service of such Residential Portfolio Sale Summary. In the event that the Creditors' Committee objects to a Residential Portfolio Sale set forth in a Residential Portfolio Sale Summary, the Debtors may attempt to resolve the objection by furnishing the Creditors' Committee with additional information to demonstrate the reasonableness of the proposed Residential Portfolio Sale. If the Debtors and the Creditors' Committee are unable to consensually resolve the objection, the Debtors may transfer the subject Residential Real Estate Loans or residential Foreclosure Properties from the Foreclosure SPE holding said Residential Real Estate Loans or residential Foreclosure Properties to LBHI and file a motion with the Court seeking approval of the Residential Portfolio Sale.

d. For any Residential Portfolio Sale where the aggregate value or purchase price of the Residential Real Estate Loans and residential Foreclosure Properties

included in such Residential Portfolio Sale is equal to or greater than \$25,000,000.00, the Debtors will be required to file a motion with the Court seeking approval of the Residential Portfolio Sale and, to the extent deemed necessary by the Debtors, the Debtors may, without approval or notice, transfer the subject Residential Real Estate Loans or residential Foreclosure Properties to LBHI in order to seek Court approval of the Residential Portfolio Sale;

and it is further

ORDERED that Debtors shall be, and hereby are, authorized to transfer

Commercial Foreclosure Loans (or other loans secured by commercial real estate subject to foreclosure) or the related foreclosure judgments to Foreclosure SPEs in accordance with the following procedures:

- a. Without further order of the Court or approval of or notice to any party, the Debtors may (i) transfer Commercial Foreclosure Loans (or other loans secured by commercial real estate subject to foreclosure) or the related foreclosure judgments to Foreclosure SPEs directly or indirectly wholly owned by LBHI or Lunar, and (ii) where a Foreclosure SPE takes title to the Foreclosure Property through execution of a deed in lieu of foreclosure, assignment in lieu of foreclosure, or similar mechanism, grant releases to the borrowers, indemnitors, and guarantors (to the extent the Debtors deem necessary) under such loans of all obligations with respect to such loans.
- b. To the extent the Debtors seek to sell a Foreclosure Property underlying a Commercial Foreclosure Loan ("Commercial Foreclosure Property") held by a Foreclosure SPE, or an entire Foreclosure SPE holding a Commercial Foreclosure Property (a "Commercial Property Sale"), if the Mark-to-Market Carrying Value<sup>2</sup> of the Real Estate Loan securing the Commercial Foreclosure Property is less than \$10,000,000.00, the Debtors may sell such Commercial Foreclosure Property or Foreclosure SPE holding a Commercial Foreclosure Property without further order of the Court or approval of any other party; *provided, however*, that the

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<sup>2</sup> "Mark-to-Market Carrying Value" as used herein shall mean the mark-to-market carrying value on the Debtors' records of any Real Estate Loan securing the Commercial Foreclosure Property as of December 31, 2008, or as otherwise agreed to by the Creditors' Committee; *provided however*, if (i) the mark-to-market carrying value of any Real Estate Loan securing the Commercial Foreclosure Property on the Debtors' records as of December 31, 2008 is less than or equal to 50% of mark-to-market carrying value of such Real Estate Loan securing the Commercial Foreclosure Property on the Debtors' records as of September 17, 2008, and (ii) the mark-to-market carrying value of any Real Estate Loan is not otherwise agreed to by the Creditors' Committee, the Mark-to-Market Carrying Value for the purposes of this Order shall be the mark-to-market carrying value of such Real Estate Loan securing the Commercial Foreclosure Property on the Debtors' records as of September 17, 2008.

Debtors will provide notice to the Creditors' Committee of such Commercial Property Sale following the closing of the Commercial Property Sale.

c. If the Commercial Property Sale involves the sale of Commercial Foreclosure Property secured by a Real Estate Loan and (1) the Mark-to-Market Carrying Value of the Real Estate Loan securing the Commercial Foreclosure Property is equal to or greater than \$10,000,000.00 but less than \$25,000,000.00, (2) the purchase price of Commercial Foreclosure Property secured by a Real Estate Loan is less than 50% of the Mark-to-Market Carrying Value of the Real Estate Loan securing the Commercial Foreclosure Property, or (3) the purchaser is a person employed by the Debtors at any time on or after September 15, 2007, or an entity unaffiliated with the Debtors for which a person employed by the Debtors at any time on or after September 15, 2007 is materially involved in the negotiations of the purchase of such loan or property, the Debtors will submit to the Creditors' Committee a summary of the proposed sale transaction identifying (i) the Commercial Foreclosure Property, (ii) the Mark-to-Market Carrying Value of the Real Estate Loan underlying the Commercial Foreclosure Property, (iii) the proposed purchaser of the Commercial Foreclosure Property, (iv) the purchase price, and (v) the material terms and conditions of the proposed Commercial Property Sale (the "Commercial Property Sale Summary"). The Creditors' Committee will be required to submit any objections to a Commercial Property Sale identified in a Commercial Property Sale Summary, so as to be received by the Debtors on or before ten (10) business days after service of such Commercial Property Sale Summary. In the event that the Creditors' Committee objects to a Commercial Property Sale set forth in a Commercial Property Sale Summary, the Debtors may attempt to resolve the objection by furnishing the Creditors' Committee with additional information to demonstrate the reasonableness of the proposed Commercial Property Sale. If the Debtors and the Creditors' Committee are unable to consensually resolve the objection, the Debtors may transfer the subject Commercial Foreclosure Property from the Foreclosure SPE holding said Commercial Foreclosure Property to LBHI and file a motion with the Court seeking approval of the Commercial Property Sale.

d. For any Commercial Property Sale where the Mark-to-Market Carrying Value of the Real Estate Loan securing the Commercial Foreclosure Property is equal to or greater than \$25,000,000.00, the Debtors will be required to file a motion with the Court seeking approval of the Commercial Property Sale and, to the extent deemed necessary by the Debtors, the Debtors may, without further approval or notice, transfer the subject Commercial Foreclosure Property to LBHI in order to seek Court approval of the Commercial Property Sale;

and it is further

ORDERED that with respect to all Real Estate Foreclosure Loan transfers to

Foreclosure SPEs carried out in accordance with the procedures set forth above, the Debtors will



provide the Committee on a quarterly basis a report of such transfers, identifying the Real Estate Foreclosure Loans or related foreclosure judgments that have been transferred during the quarterly period, the Foreclosure SPEs to which such Real Estate Foreclosure Loans have been transferred, and the disposition, if any, of the Real Estate Foreclosure Loans and/or the Foreclosure Property underlying such Real Estate Foreclosure Loans; and it is further

ORDERED that the Debtors are authorized to execute such documents or other instruments and carry out all other actions as may be necessary to transfer Real Estate Foreclosure Loans to Foreclosure SPEs and dispose of Real Estate Foreclosure Loans and Foreclosure Property, including through Commercial Property Sales and Residential Portfolio Sales, in accordance with this Order; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: September \_\_, 2009  
New York, New York

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UNITED STATES BANKRUPTCY JUDGE